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FM SECSTATE WASHDC
TO RUEHKV/AMEMBASSY KIEV IMMEDIATE 2654
INFO EU MEMBER STATES COLLECTIVE PRIORITY
MISSILE TECHNOLOGY CONTROL REGIME COLLECTIVE PRIORITY
NATO EU COLLECTIVE PRIORITY
RUEAIIA/CIA WASHINGTON DC PRIORITY 4988
RUEHBS/USEU BRUSSELS PRIORITY
RHMFISS/JOINT STAFF WASHINGTON DC PRIORITY
RHEHNSC/NSC WASHINGTON DC PRIORITY 4648
RUEKJCS/SECDEF WASHINGTON DC PRIORITY
RUEHVEN/USMISSION USOSCE PRIORITY 0545
RUEHNO/USMISSION USNATO PRIORITY 7732

S E C R E T SECTION 01 OF 03 STATE 079031

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E.O. 12958: DECL: 05/16/2016
TAGS: [ETTC](#) [PARM](#) [PREL](#) [PGOV](#) [MTCRE](#) [MNUC](#) [UP](#) [IR](#)
SUBJECT: MTAG 05-96: UKRAINIAN FIRM ZAPORIZHZHYA'S
CONTINUED COOPERATION WITH IRAN,S MISSILE PROGRAM (S)

REF: A. 02 STATE 210013
[1](#)B. 04 STATE 206000
[1](#)C. 04 STATE 231922
[1](#)D. STATE 037471
[1](#)E. KIEV 000875
[1](#)F. STATE 078661

Classified By: ISN/MTR DIRECTOR PAMELA K. DURHAM
REASONS 1.4 (B), (C), (D).

[1](#)1. (U) This is an action request. Embassy Kiev
please see paragraph 5.

[1](#)2. (S) Background: Since 2002, we have discussed with the
GOU cooperation between the Ukrainian entity Zaporizhzhya
Regional Foreign Economic Association (RFA) and Iran's
missile program (Ref A). Most recently, in February 2006, we
informed Ukrainian officials that the director-general of
Zaporizhzhya planned to travel to Iran in late 2005 to meet
with officials from the Ettehad Technical Group (ETG), which
is a front company associated with Iran's liquid-fuelled
ballistic missile developer, the Shahid Hemmet Industrial
Group (SHIG) (Ref D). In response to this information, the
GOU informed the U.S. that it has closely monitored
Zaporizhzhya RFA's activities, but has been unable to uncover
any evidence of Zaporizhzhya RFA providing missile-related
assistance to Iran (Ref E).

[1](#)3. (S) We now want to share with the GOU information
indicating that Zaporizhzhya RFA was recently working to
supply Iran with a variety of stainless steels. First, in
mid-March 2006, Zaporizhzhya RFA was attempting to finalize a
purchase of two types of stainless steel by Iran's Ettehad
Technical Group. The first type is known as 08X22HGT
stainless steel. This is a titanium stabilized duplex
stainless steel that is controlled by the Missile Technology
Control Regime (MTCR) and could be used by SHIG to produce
fittings and valves for missile fuel delivery systems. The
second steel, type CR18NI10TI, is not MTCR-controlled, but is
a stainless steel suitable for the production of a variety of
Scud engine parts. In addition, this order is likely
pursuant to the November 2005 discussions between
Zaporizhzhya RFA and Ettehad Technical Group that we raised
with Ukraine in February 2006.

[1](#)4. (S) Second, in mid-April 2006, Zaporizhzhya RFA offered
to provide Ukrainian-origin stainless steel round bars and
strips valued at over \$1.3 million to Iran's Pars Novin
Industrial Company (PANICO). Like Ettehad Technical Group,

PANICO is also associated with SHIG. These strips and bars are made from a type of steel known as SUS-321 or CR18NI9TI stainless steel, which, although not MTCR-controlled, is used to produce an array of parts for Scud liquid rocket engines. We want to request Ukrainian authorities immediately investigate this latest information and urge them to use all available measures to prevent Zaporizhzhya RFA from shipping these metals or any other orders to Ettehad Technical Group.

15. (S) Action request: After delivery of demarche in Ref F, Department requests Embassy Kiev approach appropriate host government officials to deliver talking points in paragraph 6 and report response. Points may also be left as a non-paper.

16. (S) BEGIN TALKING POINTS/NON-PAPER:

(SECRET REL UKRAINE)

-- In the spirit of our nonproliferation cooperation and PSI partnership, we would like to raise with you a matter of proliferation concern and request your assistance in investigating this activity.

-- Since 2002, we have discussed with you our concerns that the Ukrainian entity Zaporizhzhya Regional Foreign Economic Association (FRA) has been assisting the Iranian missile program.

-- In September 2004, the U.S. imposed sanctions against

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Zaporizhzhya RFA pursuant to the Iran Nonproliferation Act of 2000 (now known as the Iran and Syria Nonproliferation Act) for transferring technology controlled under the Missile Technology Control Regime (MTCR) to Iran.

-- More recently, in February 2006, we informed you that the director-general of Zaporizhzhya, Vitaliy Ignatevich Krasnoselsky, planned to travel to Iran in late 2005 to meet with officials from the Ettehad Technical Group (ETG), which is a front company associated with the Shahid Hemmet Industrial Group (SHIG).

-- As you are aware from our previous discussions of this issue as well as from numerous presentations at annual MTCR Information Exchange meetings, SHIG is the organization responsible for Iran's liquid-fuelled ballistic missile program.

-- However, in our most recent exchange on this issue, you indicated that your government has been monitoring Zaporizhzhya RFA's activities closely and has not found any indication that this firm has shipped, or intends to ship, missile-related items to Iran.

-- In particular, you noted the absence of any export licensing applications by Zaporizhzhya RFA for transfers of defense- or missile-related items to Iran as evidence that it has not violated Ukraine's export control regulations.

-- You will recall that during our February 2006 discussions, we emphasized that Zaporizhzhya RFA is not a reputable firm and that just because it has not submitted an export license to your government does not mean it is not exporting items to Iran.

-- Rather, we believe Zaporizhzhya RFA has not applied for export licenses for the transfers we have brought to your attention because it is aware that your government, as an MTCR Partner, would not authorize such exports to missile-related end-users in Iran.

-- Given our serious and well-established concerns with this firm's activities, we now would like to provide you with additional information indicating that Zaporizhzhya RFA is continuing to engage in cooperation with Iran's missile

program and request you take immediate action to address it.

-- Specifically, we understand that in mid-March 2006, Zaporizhzhya RFA was working to finalize the purchase of two types of stainless steel by Iran's Ettehad Technical Group.

-- The first type is known as 08X22HGT stainless steel. This is a titanium stabilized duplex stainless steel that has been used in the production of Scud and NoDong propellant tanks and is controlled by the MTCR. Because Ettehad Technical Group is seeking this steel in bar form, we believe it will likely be used by SHIG to produce fittings and valves for missile fuel delivery systems.

-- The second steel, type CR18NI10TI, is an austenitic stainless steel that is not MTCR-controlled, but is used in the production of a variety of Scud engine parts.

-- Zaporizhzhya RFA intends to sell Ettehad Technical Group 35 metric tons of each of these types of steel.

-- We believe this order is pursuant to the November 2005 discussions between Zaporizhzhya RFA and Ettehad Technical Group that we discussed with you in February 2006.

-- In addition, we have received information that Zaporizhzhya RFA offered to provide Ukrainian-origin stainless steel round bars and strips valued at over \$1.3 million to Iran's Pars Novin Industrial Company (PANICO) in mid-April 2006.

-- Like Ettehad Technical Group, PANICO is also associated with SHIG.

-- These strips and bars are made from a type of steel known as SUS-321 or CR18NI9TI stainless steel, which, although not MTCR-controlled, is used to produce an array of parts for Scud liquid rocket engines.

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-- We urge you to immediately investigate these recent dealings between Zaporizhzhya RFA and Iran's missile program and use all available measures to prevent Zaporizhzhya RFA from shipping these metals or any other orders to Ettehad Technical Group or PANICO.

-- We look forward to continued cooperation on missile nonproliferation issues and would appreciate hearing the results of the actions your government takes in response to this information.

END TALKING POINTS/NON-PAPER

17. (U) Please begin your response with MTAG in the subject line and slug any reporting on this issue for ISN, EUR/PRA, EUR/UMB, and NSC/David Stephens, and NSC/Damon Wilson.
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